Calendar No. 791

100TH CONGRESS *2d Session*	SENATE	REPORT 100-419

CERTIFICATE OF DOCUMENTATION FOR THE VESSEL M/V "POLAR ICE"

Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

OF THE

SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORATION

ON

S. 1418

JULY 8, 1988.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
19-010 WASHINGTON : 1988

S263-9

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ERNEST F. HOLLINGS, South Carolina, *Chairman*

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100TH CONGRESS
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REPORT
100-419

CERTIFICATE OF DOCUMENTATION FOR THE VESSEL M/V "POLAR ICE"

JULY 8, 1988.—Ordered to be printed

Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

[To accompany S. 1418]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 1418) to direct the Secretary of the department in which the U.S. Coast Guard is operating to cause the vessel M/V *Polar Ice* to be documented as a vessel of the United States so as to be entitled to engage in the coastwise trade, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE OF THE LEGISLATION

S. 1418, as reported, restores coastwise trading privileges to the vessel *Polar Ice*.

BACKGROUND AND NEEDS

Subject to certain limited exceptions, the provisions of law commonly known as the Jones Act (46 App. U.S.C. 883) provide that only those vessels built in the United States, continuously documented under the laws of the United States, and continuously owned by U.S. citizens may transport merchandise or passengers in the coastwise trade of the United States.

When the facts applicable to a particular vessel suggest that the U.S.-built or the U.S.-owned requirements have not been satisfied, the Coast Guard may not issue a document granting coastwise trading privileges for that vessel unless the requirements are statutorily waived.

The M/V *Polar Ice*, official number 604676, was constructed for the U.S. Navy at Camden, New Jersey, in 1945. The vessel is currently owned by Polar Ice Seafoods, Inc., a Washington corporation. However, in 1979, when the vessel was owned by a different corporation, the Coast Guard determined that the vessel's ownership was "alien" since two of the three directors of the corporation, one of whom was an alien, constituted a quorum. Because an alien could exercise 50 percent control of the corporation, the corporate owner is not considered a U.S. citizen, and the vessel does not satisfy the U.S. citizen-owned requirement.

Polar Ice Seafood intends to use the *Polar Ice* as a fish processing vessel off the coast of Alaska. The *Polar Ice* will be utilized to receive fish from fishing boats and process it for delivery to Alaska and Washington. Since such transportation of fish and fish products constitutes the transportation of merchandise for purposes of the Jones Act, a legislative waiver is required.

LEGISLATIVE HISTORY

S. 1418 was introduced on June 24, 1987, by Senator Cranston. On May 24, 1988, in open executive session, the Committee considered S. 1418, and ordered the legislation reported favorably without objection and without amendment.

ESTIMATED COSTS

In accordance with paragraph 11(a) of XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 2, 1988.

Hon. ERNEST F. HOLLINGS,
Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed S. 1418, a bill to direct the Secretary of the department in which the United States Coast Guard is operating to cause the vessel M/V *Polar Ice* to be documented as a vessel of the United States so as to be entitled to engage in the coastwide trade. This bill was ordered reported by the Senate Committee on Commerce, Science, and Transportation on May 24, 1988. Enactment of S. 1418 is not expected to have any impact on the federal budget or on those of state or local governments.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JAMES L. BLUM,
Acting Director.

REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Commission provides the following evaluation of the regulatory impact of the legislation, as reported.

Because S. 1418 does not create any new programs, the legislation will have no additional regulatory impact, and will result in no additional reporting requirements. The legislation will have no further effect on the number or types of individuals and businesses regulated, the economic impact of such regulations, the personal privacy of affected individuals, or the paperwork required from such individuals and businesses.

SECTION-BY-SECTION ANALYSIS

The bill consists of one section. It provides that, notwithstanding the provisions of section 27 of the Merchant Marine Act, 1920 (46 App. U.S.C. 883), or any other provisions of law to the contrary, the vessel *Polar Ice* may be issued a certificate of documentation to engage lawfully in the coastwide trade.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee states that the bill as reported would make no change to existing law.

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Calendar No. 792

100TH CONGRESS *2d Session*	SENATE	REPORT 100-420

FISHERIES LICENSE FOR THE VESSEL "OCEAN CYCLONE"

Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

OF THE

SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ON

S. 2300

JULY 8, 1988.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
19-010 WASHINGTON : 1988

Sa63-10

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ERNEST F. HOLLINGS, South Carolina, *Chairman*

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Calendar No. 792

100TH CONGRESS
2d Session

SENATE

REPORT
100-420

FISHERIES LICENSE FOR THE VESSEL "OCEAN CYCLONE"

JULY 8, 1988.—Ordered to be printed

Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

[To accompany S. 2300]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 2300) to issue a fisheries license for the operation of the vessel M/V *Ocean Cyclone,* having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE OF THE LEGISLATION

S. 2300, as reported, waives certain restrictions so as to permit the operation of the M/V *Ocean Cyclone* in the fisheries of the United States and to transport fish and fish products in the coastwise trade.

BACKGROUND AND NEEDS

The vessel M/V *Ocean Cyclone* (formerly the *Coastal Spartan*), offical number 248959, is a knot class vessel built in the United States during World War II for the United States. The *Ocean Cyclone* was held in the reserve fleet by the Maritime Administration following the war until 1965, when it was sold. Included in the initial contract of sale of the vessel were prohibitions upon its use as means of transportation of passengers or cargo for hire or as a means of transportation of proprietary cargo. These prohibitions, which run with the vessel and continue to apply to limit the purposes for which it may be used, were imposed by the Maritime Administration pursuant to sections 508 and 510(g) of the Merchant Marine Act, 1936. Public Law 96-260 provided a 2-year window, from 1980 until 1982, for all owners of surplus vessels to apply for a waiver of these restrictions so that such obsolete vessels could be

used in the fisheries of the United States. However, the owners of the vessel at that time failed to apply for such a waiver and a legislative waiver is now required.

Additionally, section 27 of the Merchant Marine Act, 1920, commonly known as the Jones Act, requires that vessels transporting merchandise between points in the United States be built in the United States, be continuously owned by U.S. citizens, and be continuously operated under the U.S. flag. The transportation of fish from a point in the territorial sea of the United States to a port in the United States constitutes the transportation of merchandise for purposes of the Jones Act. Although the *Ocean Cyclone* was built in the United States, the vessel was owned from 1975 until 1985 by a Panamanian corporation which used it as a drilling platform off the coast of Panama. This creates a defect in the chain of title of purposes of operation in our coastwise trade, and a Jones Act waiver is also required.

Crystal Fisheries, Inc., a company that manages U.S. trawlers operating in the Bering Sea and Eastern Pacific Ocean, has entered into a contract for the purchase of the *Ocean Cyclone* with the intention of converting it into a fish processing ship. Should a waiver be enacted. Crystal Fisheries intends to use the vessel as a U.S.-flag mothership processor in the Bering Sea and Eastern Pacific Ocean. Once the vessel is acquired and the waiver enacted, Crystal Fisheries will undertake conversion of the vessel in the United States at an estimated cost of between $8 million and $10 million. When the conversion is completed, the vessel will employ between 100 and 150 people on a full time basis. Additionally, the vessel will utilize between four and eight U.S. trawlers to provide it with the raw fish products necessary for the operation of the processing plant.

LEGISLATIVE HISTORY

S. 2300 was introduced on April 20, 1988, by Senator Evans. On May 24, 1988, in open executive session, the Committee considered S. 2300, and ordered the legislation reported favorably without objection and without amendment.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 2, 1988.

Hon. ERNEST F. HOLLINGS,
Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has reviewed S. 2300, a bill to issue a fisheries license for the operation of the vessel MV *Ocean Cyclone,* as ordered reported by the Senate Committee on Commerce, Science, and Transportation, May 24,

1988. Enactment of this bill is not expected to have any impact on the federal budget or on those of state or local governments.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JAMES L. BLUM,
Acting Director

REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation, as reported.

Because S. 2300 does not create any new programs, the legislation will have no additional regulatory impact, and will result in no additional reporting requirements. The legislation will have no further effect on the number or types of individuals and businesses regulated, the economic impact of such regulation, the personal privacy of affected individuals, or the paperwork required from such individuals and businesses.

SECTION-BY-SECTION ANALYSIS

The bill consists of one section. It provides that, notwithstanding section 508 and 510(g) of the Merchant Marine Act, 1936, section 27 of the Merchant Marine Act, 1920, or United States Department of Transportation Contract Numbered MA–3915 and amendments thereto, the vessel *Ocean Cyclone* may be authorized to operate in the coastwise and fisheries trades for purposes of acquiring, purchasing, processing, and transporting fish and fish products. The section requires the prior approval of the Secretary of Transportation if the vessel is to be scrapped in other than the domestic market.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee states that the bill as reported would make no change to existing law.

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